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FIRST COUNTRY COOPERATION FRAMEWORK FOR LEBANON (1997-2001)

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INTRODUCTION

1. Consultations for the preparation of the first country cooperation framework (CCF) for Lebanon, which covers the period 1997-2001, began with a preparatory workshop on the country strategy note, held in March 1995. Discussions continued with the mid-term review in May 1996 and extensive dialogues with the Government as well as meetings with representatives of key umbrella non-governmental organizations (NGOs), donors and United Nations agencies, in the context of joint strategic planning and programme harmonization. The CCF was prepared based on the UNDP advisory note, which was approved by the Programme Management Oversight Committee on 18 December 1996. The first CCF outlines the optimal UNDP contribution to the national development objectives and goals of Lebanon, consistent with the UNDP mandate and comparative advantage.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Prior to the conflict of 1975-1990, Lebanon's 4 million inhabitants enjoyed a high standard of living. However, the conflict resulted in tremendous losses, leaving the country with a damaged infrastructure, a weakened public sector, a destroyed statistical base and a seriously deteriorated natural environment.

3. Since 1990, the country's economic performance has been positive. From 1992 to 1995, gross domestic product grew at an annual rate of 6 to 7 per cent, reaching $11.1 billion in 1995. In the same period, inflation decreased from 145 to 11 per cent. In 1995, the deficit stood at 52.2 per cent and per capita income was recorded at $2,700. Evaluation of the socio-economic situation is hampered by poor statistics. However, the main indicators point to a life expectancy of 68.5 years and an adult literacy rate of 86 per cent. Eighty-seven per cent of the population live in urban areas. Although there are no subnational statistics to support the premise, it is thought that regional imbalances exist and a large segment of the rural population is poor.

4. Economic liberalism guides national recovery and development plans, which focus on upgrading and modernizing the physical infrastructure as a necessary condition for attracting private investment and creating economic growth. Notwithstanding the major conflicts in July 1993 and April 1996, the implementation of these plans is well under way. Following the latest national elections, held in November 1996, the Government reiterated its commitment to social development and improving people's living conditions as a top priority. As such, Lebanon's developmental challenges can be summarized under the three main categories discussed below.

5. Economic growth and administrative management. Important strides have been made in the rehabilitation of public administration. A three-year, $106 million National Administrative Rehabilitation Plan has been prepared and financing has been secured. Fiscal and customs reforms have been undertaken. Work has started on generating basic statistics. The challenges of the future include securing further private investment in the productive sectors across the country, widening the coverage of statistical information, activating local

government and effective management of the public sector under fiscal constraints and rising domestic and foreign debt.

6. Social development. The social situation remains a challenge because of the economic difficulties of the mid-1980s. The high cost of living and limited access to basic health and high-quality education services, particularly for the poorer segment of the population, underline the importance of developing and implementing a dynamic social development policy. There is a critical need for data to identify target groups and areas of intervention in addressing poverty, keeping in mind that poverty in Lebanon does not mean starvation and lack of shelter, but rather limited access to basic medical care, reasonably priced, high-quality education, adequate shelter and well-paying jobs and opportunities. Linkages between employment and technical training, the enhancement of the basic education system and the development of ways to address regional imbalances are also important challenges for the future.

7. Environment and natural resources. Lebanon's environment and natural resources were critical to the growth of its tourism sector in the 1970s, contributing up to 25 per cent of national income. The war, urban growth, the deterioration of water treatment and solid waste systems and industrial pollution have all resulted in a negative impact on the environment. The Government is currently engaged in projects for better management of natural resources and the environment. It participated in the United Nations Conference on Environment and Development (UNCED) and has signed several global environmental agreements. NGOs, community-based organizations (CBOs) and the private sector are also active in environmental matters. Future challenges include the preparation and implementation of a comprehensive environmental strategy to coordinate environmental management, reinforce national capacities and integrate environmental concerns into rehabilitation, reconstruction and development activities.

II. RESULTS AND LESSONS OF PAST COOPERATION

8. External assistance is playing an increasingly important role in the development process in Lebanon. In order to finance its major reconstruction plans, the Government has been depending mainly on deficit financing and recently succeeded in securing $3.2 billion (over a five-year period) of external financing in the form of loans, investment guarantees and a limited amount of grants through a donor meeting held in December 1996, in Washington, D.C., the United States of America.

9. The mid-term review of the third country programme (1992-1996), which was jointly organized by the Government, UNDP and other partners, emphasized the need to consolidate UNDP efforts in three or four areas. The objectives of sustainable livelihoods and poverty alleviation, good governance and capacity-building, and management of natural resources and the environment were largely supported.

10. The UNDP contribution was highlighted in the following areas: (a) resource mobilization, where combined programming resources for the 1992-1996 period, including carry-over from previous cycles, was $16.7 million, and an additional

$17.8 million was mobilized; (b) the effective use of core resources in a catalytic manner to assist the Government to assess the overall rehabilitation needs of public administration, formulate programmes to respond to those needs and mobilize over $100 million for that purpose; (c) effective coordination of the contributions of multiple donors and the activities of many implementing agencies in several programmes, including fiscal reform and the Baalbek-Hermel integrated development programme; (d) the importance of the area development approach, which made a modest contribution to redressing regional imbalances and at the same time attracted donors; and (e) the strategic importance of UNDP assistance in the formulation of a master plan for tourism and a programme of assistance for higher education. It was also observed that closer coordination with NGOs and CBOs would be needed in the future.

11. Opportunities for improved cooperation were also noted, including the following: (a) the catalytic use of core resources for the development of strategic long-term assistance programmes using the programme approach; (b) investment in the development of benchmarks for monitoring progress and impact; (c) the optimization of the use of available tools for the promotion of the programme approach and national execution and to specifically address the issue of building capacity; and (d) the continued use of available national expertise, including individual experts, consulting firms, NGOs and academia, while making the best use of international expertise as necessary.

III. PROPOSED STRATEGY AND THEMATIC AREAS

12. The main objective of UNDP cooperation in Lebanon is to assist the Government in its efforts towards sustainable human development (SHD). To this end, UNDP will support the Government in the formulation and implementation of policies and strategies and in further refinement of key development priorities and the programmes to address them. The Government, civil society and UNDP will work together to widen the consensus on key national SHD priorities, improve national capacities to address these priorities and enhance public participation in the support and positive reinforcement of national development plans. In doing so, efforts will be made to systematically mainstream gender issues into all programmes, in close cooperation with the United Nations Development Fund for Women. UNDP will also help to enhance national disaster mitigation and preparedness capacity.

13. Resource mobilization will be an important aspect of UNDP cooperation during the period of the first CCF. Through the resident coordinator mechanism, UNDP will continue to facilitate donor dialogue, information exchange and coordination. SHD theme-based working groups will continue to follow up on the major United Nations conferences and annual SHD profiles will be produced. A development cooperation report will also be issued each year.

14. In the context of a consolidated United Nations approach to addressing development priorities and challenges, the principal funding agencies of the United Nations (UNDP, the United Nations Population Fund and the United Nations Children's Fund) have agreed to focus their programmes on three areas, in order to maximize impact. Thus, UNDP will consolidate its ongoing projects and develop new programmes under the following jointly identified areas of focus:

(a) governance and institution-building; (b) social development and poverty alleviation; and (c) environmental management and sustainable development. Advocacy and capacity-building for SHD will be a prominent feature of the policy dialogues pursued under each area of concentration.

A. Governance and institution-building

15. Rehabilitation and reform of public administration. With the aim of assisting the Government in developing and implementing an overall long-term administrative reform strategy and reinforcing the Government's capacity in implementing its National Administrative Rehabilitation Program (NARP), this programme will build on two ongoing projects supporting the preparation of a strategy for the reform of public administration and the implementation of NARP. Emphasis will be placed on the development and implementation of a long-term strategy for reforming public administration and linking the implementation of NARP to that strategy as well as to other UNDP capacity-building and institution-strengthening initiatives in various sectors. In addition to strengthening operational capacities, the programme will address some of the fundamental questions of reform, such as good governance, decentralization and support to local authorities. Opportunities for exchanging reform experiences with developing countries in similar circumstances will be pursued through regional projects and/or through other initiatives, such as technical cooperation among developing countries (TCDC).

16. Strengthening public economic management capacity. In this programme, UNDP will aim at: (a) strengthening the Government's revenue-generating capacity; (b) assisting the Government to promote a more efficient environment for the development of small- and medium-scale enterprises; and (c) assisting the Government to develop a reliable national programme for consolidated statistics collection, analysis and dissemination.

17. In the area of fiscal reform, the focus will be on further capacity- and institution-strengthening, building on significant achievements in financial management and revenue enhancement, while addressing other issues such as employment creation and environmentally-friendly fiscal policies. Efforts will be made to assist the Government in its efforts to enhance its trading position with other countries through the ongoing trade information centre project. Regional projects aimed at consolidating the capacities of the countries of the region in the pursuit of regional policies or to prepare for and counteract the effects of globalization will also be tapped. Mechanisms and incentives in support of small- and medium-scale enterprises will be explored. The rehabilitation of the Central Statistics Agency will continue to be reinforced, with emphasis on the development of an efficient and cost-effective system for collecting, generating and analysing national and subnational statistics; especially those related to SHD.

18. Reactivation and strengthening of municipalities. The main objectives of this programme will be to assist the Government in its efforts to reinforce the capacities of municipalities, consider options for stronger local governments and make development efforts in the peripheries more efficient, responsive and participatory in the long term. UNDP will assist the Government in the analysis of the current situation and in the preparation of an overall strategy and

policy framework for municipal development, including a strategy for strengthening local government in pursuit of local development. The framework will be used for mobilizing resources to fund the various programme activities, where donors and the Government will cooperate in a joint and comprehensive manner. This effort will also build on recommendations adopted at the Second United Nations Conference on Human Settlements and will address the question of urban management. Special attention will be given to cooperation with the Management Development and Governance Division of the UNDP Bureau for Policy and Programme Support and the United Nations Centre for Human Settlements (Habitat) in developing and implementing the programme.

19. Expected impact. Over the period of the first CCF, it is expected that: (a) the technical assistance component of NARP will have been implemented and a widely discussed and broadly accepted strategy of reform will have been produced and adopted by the Government; (b) concrete actions will have been taken towards the implementation of the reform strategy, focusing on achievable results as a means of building support for more fundamental and comprehensive reforms; (c) state revenue will continue to be generated at an increasing rate and fiscal and other measures to encourage employment and environmentally-sound production methods will have been explored; (d) measures to compensate for customs revenue that is no longer collected because of further liberalization of the economy will have been explored; (e) an initial strategy for the development of small- and medium-scale enterprises will have been prepared, disseminated and discussed, and relevant parts of it will have been implemented, in the context of the area development schemes; and (f) a more reliable and comprehensive system of statistics will have been developed, with the capacity to generate national and subnational socio-economic indicators for use in national and regional development planning.

B. Social development and poverty alleviation

20. Creating an enabling environment for poverty alleviation. This programme will aim to: (a) advocate and promote the SHD paradigm as the main instrument for socio-economic planning; (b) establish a reliable statistical basis for the accurate assessment of the incidence and extent of poverty; and (c) help the Government to develop a national strategy for poverty alleviation. The SHD profile for 1996 will serve as an important vehicle for strengthening the dialogue among development partners, identifying priorities, preparing for the 1997 profile and preparing a strategy to operationalize SHD in 1998. In 1997, efforts will be made to develop statistical indicators that will lead to a better understanding of poverty, its causes, and those affected by it, including their geographic distribution, with the results disseminated in the first quarter of 1998. The data will serve as a basis for a national definition of poverty. Policies conducive to economic growth and the reduction of poverty will be developed and made operational by 1998. UNDP will support efforts for the elaboration of a national strategy for poverty alleviation, promoting the participation of civil society and other partners in the process.

21. Employment and sustainable livelihoods. Through this programme, the results of the ongoing UNDP-financed labor-market survey will be optimized by assisting the Government to formulate employment-creating policies. Based on the survey, a strategy for forging a link between education, including

vocational and technical education, and employment will be developed, and in this context, national capacities will be strengthened. Job-creation activities will be expanded through continued capacity-building for small-scale entrepreneurs, particularly women and farmers. Access to micro- and small-scale credit will be an important aspect of this work. NGO capacity to implement credit schemes will be strengthened. The ongoing women's enterprises project will be used as a catalyst to develop a national plan for the economic-mainstreaming of poor women in the medium and long term, building on previous experiences and progress made in the project.

22. Reinforcement of human resources management in basic education. This programme aims to: (a) establish a basis for promoting social integration through basic education; and (b) assist the Government in enhancing the basic education sector. While ongoing activities in the field of restructuring and reinforcing the higher education sector will be pursued, a more integrated approach in the form of a comprehensive programme for institutional and sectoral interventions in basic education will be developed. UNDP assistance will concentrate on institution-strengthening, aimed at providing support for 100 schools in the poorest area of the country. Causal relationships and appropriate linkages between basic education and poverty will also be developed at the outset, to allow for the programming of education-related activities aimed at job creation and poverty reduction.

23. Promotion of regionally balanced development. This programme will aim at: (a) promoting integrated regional development as a means of poverty alleviation; and (b) promoting and supporting credit initiatives for income-generation and poverty alleviation. UNDP will assist the Government in mobilizing resources for and launching the second phase of the Baalbeck-Hermel integrated regional development programme, emphasizing agricultural and industrial development, small- and medium-scale enterprises, social services development and delivery, training and credit in selected areas. The use of the programme approach will integrate the efforts of the Government, community groups, NGOs, United Nations agencies, the private sector and others as full partners in the development of each area. Similar approaches will be used to review and extend an existing project to support the return of displaced people in Mount Lebanon and to develop a new programme for the area south of the Litani River, using special resources.

24. Expected impact. It is expected that the above-mentioned interventions will result in coordinated action to improve the economic and social situation of disadvantaged people in the selected areas. Linkages between education, employment and poverty alleviation will be enhanced. Dialogue with national counterparts and stakeholders and the consolidation of data will serve to produce a national strategy for social development, with a focus on poverty alleviation. These efforts will facilitate Lebanon's follow up to the recommendations of the World Summit for Social Development and other key international conferences, as well as cooperation between the Government, civil society and international donors.

C. Environmental management and sustainable development

25. National capacity-building and coordination for sustainable development. This programme aims at: (a) assisting in building national capacity for sustainable development; and (b) helping the Government to institute mechanisms for coordination among all groups operating in the field of environment. UNDP will help the Government to put in place an integrated environmental management system and to update and enforce environmental legislation. This effort will focus on building national capacity in the fields of environmental monitoring, education and awareness for concerned stakeholders (the Government, NGOs, the private sector, etc.). National coordination mechanisms will be developed and supported to assist the Government in its efforts to coordinate environmental activities, reinforcing the integration of environmental considerations within national planning for sustainable development. The programme will build on ongoing UNDP activities, making full use of global and regional initiatives.

26. Promotion of sound environmental practices and policies. The objective of the programme is to promote sound environmental management practices and policy measures to advance sustainable development. Several strategic pilot initiatives will be developed to follow-up on UNCED and the implementation of the many international treaties that Lebanon has ratified, as well as international conventions such as those on desertification, biodiversity, climate change and the Montreal Protocol. These pilot initiatives will have the potential to contribute to policy development and will be based on participatory approaches involving such national stakeholders as line ministries, NGOs, municipalities and the private sector. The initiatives will tackle topical issues such as water and energy management, desertification, wetlands management, climate change, the ozone layer and others. The involvement of the private sector and municipalities in the environment agenda will also be supported.

27. Expected impact. At the end of the programme period, it is expected that the Government will have developed a national environmental management strategy. It is also expected that a more formal and effective network of cooperation within the Government and with NGOs, CBOs, the private sector, donors and other partners working in the field will have been established. Environmental legislation will have been partially or fully updated and some specific enforcement measures will have been put into effect, including coordination mechanisms, financial instruments, and licensing and auditing systems. In addition, the capacity of the Government to manage environment-related infrastructure activities and public awareness and participation in environmental management will have been enhanced.

IV. MANAGEMENT ARRANGEMENTS

28. Execution and implementation modalities. Measures will be taken to strengthen support and capacity-building for national execution, making use of United Nations specialized agencies in specific activities where they have comparative advantages and where technical skills do not exist locally. UNDP support will function as value added in the form international and national expertise and examples of best practices and excellence in the areas of focus,

as well as access to technology, information and the experiences of other countries.

29. UNDP will continue to promote the full use of national professionals in programmes and projects. It will also build on the positive experience of using national and international volunteers and will continue to support the Transfer of Knowledge Through Expatriate Nationals modality as an important source of expertise. TCDC and other facilities will also be given special attention, with the aim of maximizing the benefits available to UNDP-supported activities.

30. Monitoring, review, evaluation and reporting. In order to compensate for the dearth of statistics, a special effort will be made to enhance the availability of national and subnational data. This effort will build on existing surveys in the fields of population, housing and manpower developed by the Government and several United Nations agencies. The aim will be to develop common benchmarks with the Government, other donors and United Nations agencies, so that impact measurements are transparent and consistent. A comprehensive, country-level evaluation exercise will take place at the end of the second year of the CCF (end-1998), with the support of the UNDP Office of Evaluation and Strategic Planning. At the project/programme level, baseline situations will be assessed, monitoring criteria and benchmarks identified and objectives formulated in a quantified manner, with clearly specified time-frames and an emphasis on the end result and impact, rather than the delivery of inputs. UNDP will make use of its environmental monitoring guidelines and of criteria developed during its recent gender-mainstreaming assessment to ensure better environmental monitoring and to strengthen gender-mainstreaming in its activities. Project implementation will be further enhanced through closer on-site monitoring of activities. Regular tripartite reviews and cluster evaluations will be undertaken jointly with counterpart cooperating agencies and other stakeholders.

31. Resource mobilization and aid coordination. UNDP will help the Government to mobilize domestic and international resources for priority development activities. Government cost-sharing in joint Government/UNDP programmes have allowed both parties to optimize the use of their resources through collective management and access to experienced, professional talent and the UNDP global experience. New core resources will be used catalytically to mobilize additional funds to complement resources already available, as well as for the areas to be developed under the first CCF.

32. Resources required for the five-year period of the first CCF have been estimated at $25.5 million (see annex). Funding required for the full implementation of activities in the areas identified in the CCF may well exceed this sum and will be the object of further resource mobilization. Resources will be allocated as follows: (a) 25 per cent for public administration reform, enhancement of local government and good governance; (b) 50 per cent for social reconstruction and poverty alleviation; (c) 20 per cent for supporting actions related to the environment, with maximum utilization of regional and special sustainable development funds; and (d) 5 per cent for contingencies.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR LEBANON (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	4 256	Estimated as of November 1996.
TRAC 1.1.1	2 060	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	1 250	
SPPD/STS	182	
Subtotal	7 748 a/	
NON-CORE FUNDS		
Government cost-sharing	10 500	
Sustainable development funds	3 500	GEF
Third-party cost-sharing	3 500	
Funds, trust funds and other	300	PSI ($150,000), global programming and Arab Poverty Funds to be determined.
Subtotal	17 800	
GRAND TOTAL	25 548 a/	

a/ Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; PSI = Poverty Strategy Initiative; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.